

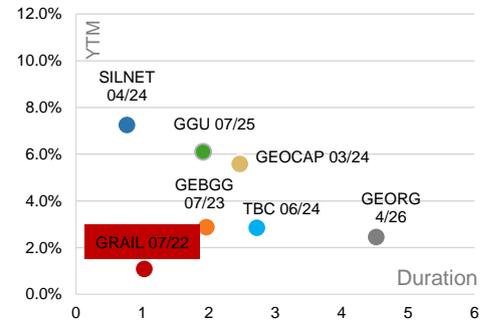


Georgian Railway - FY20 & 1Q21 update

Fixed Income Research | Georgia
Georgian Railway
June 8, 2021

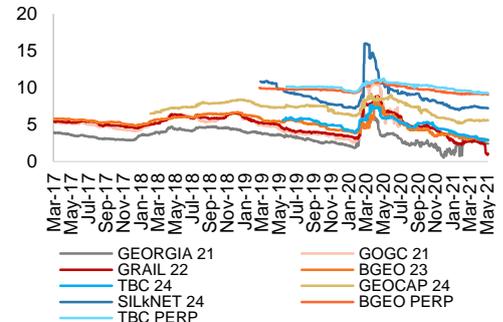
GR published 2020 audited financial statements along with the 1Q21 performance. 2020 turned out to be a challenging year for GR, as GR's topline declined by 9.7% y/y to US\$ 157.4mn despite growth in freight cargo transportation volumes. Main revenue category - freight transportation - which made up c. 65% of total, was down 1.5% y/y to US\$ 101.8mn in 2020. The decline was mostly due to lower tariffs and changes in product and direction mix as transportation volumes posted a positive 1.9% y/y growth in 2020. Passenger traffic revenue was hit hard during the pandemic year as due to the COVID 19 related restrictions the transportation services were halted for the most of the year. Passenger traffic revenue dropped to US\$ 3.6mn in 2020 from US\$ 11.0mn in 2019. The decline in revenue resulted in slight deterioration in the company's profitability, with EBITDA standing in at US\$ 70.4mn in 2020, translating into an EBITDA margin of 44.7% slightly below the level in 2019 (45.5%). GEL's continued weakness in 2020 on the one hand and slight deterioration in profitability on the other, resulted in further increase in net debt-to-EBITDA ratio to 6.35x in 2020 from 5.20x in 2019. We forecast the ratio to remain elevated in the medium term and start to decline from 2022 on the back of improved profitability.

Figure 1: Georgian Eurobond universe



Source: Bloomberg

Figure 2: Georgian Eurobond universe



Source: Bloomberg as of 4 June, 2021

Table 1: Key financials (US\$ '000) and margins

	FY19	FY20	Change, y/y
Revenue	174,179	157,369	-9.65%
EBITDA	79,165	70,413	-11.06%
EBITDA margin	45.5%	44.7%	-0.8ppts
Adjusted EBITDA	76,698	68,091	-11.2%
Adjusted EBITDA margin	44.0%	43.3%	-0.8ppts
Net income	-1,981	-54,991	nmf
Net profit margin	-1.1%	-34.9%	nmf
Assets	806,766	745,782	-7.56%
Liabilities	624,262	634,761	1.68%
Equity	182,503	109,652	-39.92%
Net debt to EBITDA	5.2x	6.3x	

Georgian Railway credit ratings



FY20 revenue stood at US\$ 157.4mn, down 9.7% y/y. Freight transportation, largest revenue category, was down 1.5% y/y despite increase in transportation volumes (+1.9% y/y to 11.1mn tons). The decline was recorded in both liquid and dry cargo categories. Freight car rental revenue, which makes up c. 5% of total, also declined in 2020, down 23.5% y/y to US\$ 7.4mn. Passenger revenue came under significant pressure in 2020, with revenue dropping by 67.4% y/y to US\$ 3.6mn as rail services were halted for the most of the year.

GR's operating expenses (excluding the PPE impairment) declined 9.3% y/y to US\$ 116.4mn in 2020. The decline was mostly driven by lower depreciation and amortization expenses (-15% y/y to US\$ 24.5mn, related to lower PPE balance due to the impairments of the last couple of years). Furthermore, GEL's depreciation against dollar in 2020 also decreased operating expenses which are expressed in USD (as most of the expenses are incurred in GEL). Lower revenues caused decline in EBITDA, down 11.1% y/y to US\$ 70.4mn in 2020, translating into an EBITDA margin of 44.7%, slightly below the 2019 level of 45.5%.

Slight deterioration in the profitability on the one hand and GEL's depreciation on the other resulted in the increase in net debt-to-EBITDA ratio from 5.2x in 2019 to 6.35x in 2020, far above the Eurobond covenant of 3.5x. The company's net debt-to-EBITDA ratio has been above the covenant for the last four years, limiting the company's ability to incur additional financial indebtedness.

In May 2021, Georgian Railway mandated international investment banks to refinance its outstanding US\$ 500mn, 7.75%, Eurobond maturing in 2022. The refinancing will take place in June, 2021. GR has achieved green bond framework for the upcoming placement, with S&P Global Ratings providing Full Alignment Opinion.

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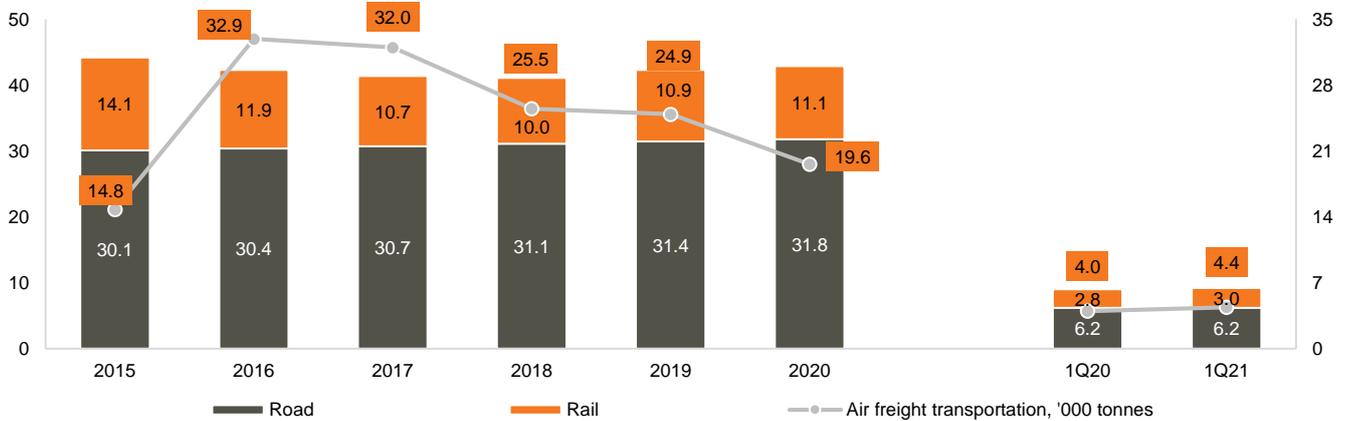


Transportation volumes going through Georgia showed resilience in 2020

Despite COVID-19 related economic disruptions, transportation volumes going through Georgia posted positive growth in 2020. A total of 42.9mn tons of cargo was transported through Georgia in 2020 which is 1.4% higher compared to 2019 level. The growth was mostly driven by increased transportation volumes by road, which remains to be the main mode of transportation in Georgia, accounting for 74.1% of total cargo in 2020. Transportation volumes by rail continued upward trend in 2020, with 1.9% higher volume of cargo transported by Georgian Railway in 2020 despite the COVID 19 pandemic.

The positive trend in transportation volumes maintained in 1Q21. Overall transportation volumes increased by 3.4% y/y to 9.2mn tons. Notably, the growth was entirely driven by increased rail transportation (up 7.1% y/y to 3.0mn tons), while cargo volumes transported by road remained mostly flat.

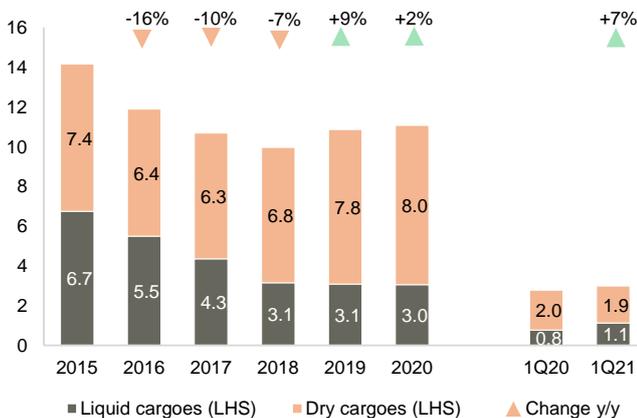
Figure 3: Freight transportation by modes, mn tons



Source: Ministry of Economy

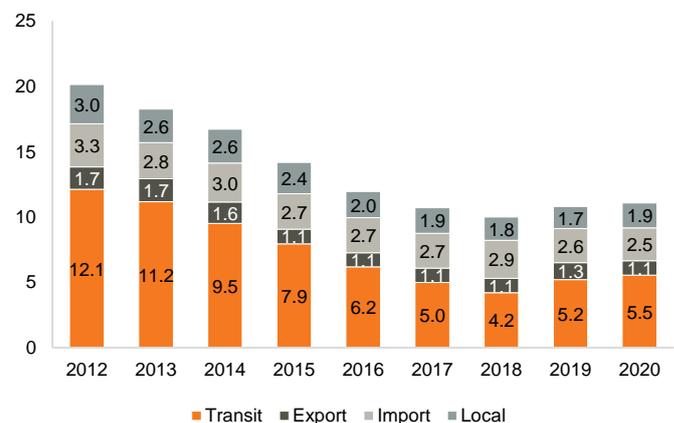
GR transported a total of 11.1mn tons of cargo in 2020 up 1.9% y/y. Dry cargo drove the growth in 2020, while liquid cargo, which makes up 27.5% of total and is made up entirely by oil products (petrol, gasoline, fuel oil, etc.) continued decline, albeit at a slower pace (-1.0% y/y to 3.0mn tons). On a positive note, transit flows going through Georgia by rail continued growth in 2020, up 6.6% y/y to 5.5mn tons, while exported cargo dropped 15.8% y/y to 1.1mn tons, in line with the overall economic backdrop in Georgia.

Figure 4: Rail cargo by product type, mn tons



Source: Georgian Railway

Figure 5: Rail cargo by destination, mn tons

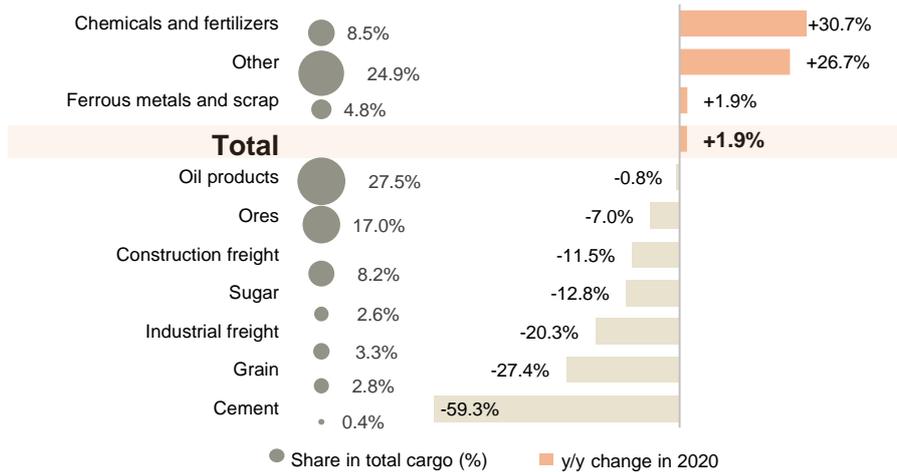


Source: Georgian Railway



Dry cargo, which has been the growth engine for GR for the past 2 years continued growth in 2020. Dry cargo, accounting for 72.5% of total cargo transportation in 2020, recorded a 3.0% y/y growth in 2020. Rise in dry cargo transportation was mainly driven by chemicals & fertilizers and other product categories (methanol, P-xylene, meat products, mineral waters), while transportation of other dry cargo products declined.

Figure 6: Cargo transportation volume, y/y change in 2020



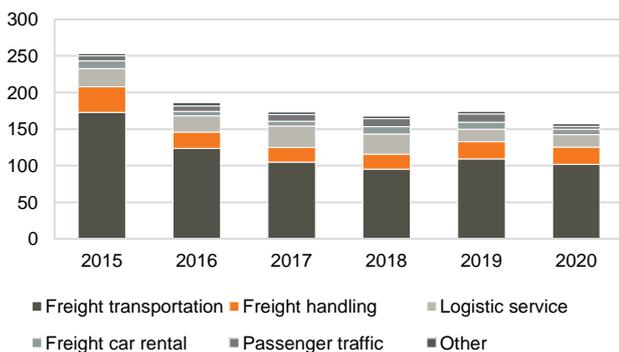
Source: Georgian Railway

Cargo transported by rail posted positive growth in 1Q21 up 7.4% y/y to 3.0mn tons. Interestingly, the growth was entirely driven by increased liquid cargo transportation as oil products transported from Turkmenistan and Azerbaijan increased in 1Q21. Dry cargo transportation declined in 1Q21, down 7.0% to 1.9mn tons due to declines in almost all product categories (except sugar and construction freight). The decline is partially explained by the high base of 1Q20 (GR recorded strong performance in the first 2 months of 2020).

2020 revenue down 9.7% y/y

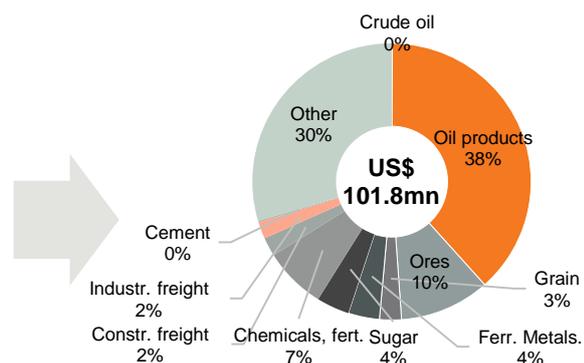
GR's revenue dropped 9.7% y/y to US\$ 157.4mn in 2020. The decline was equally driven by lower freight transportation and passenger traffic revenues. Freight transportation revenue, which makes up almost two-thirds of total revenue, was down 7.0% y/y to US\$ 101.8mn in 2020. At the same time, revenue from freight car rental also declined, down 23.5% y/y to US\$ 7.4mn. Passenger traffic revenue, which has been halted for the most of the year due to the COVID 19 related restrictions, dropped 67.4% y/y to US\$ 3.6mn in 2020.

Figure 7: Revenue, US\$ mn



Source: Georgian Railway, Galt & Taggart Research

Figure 8: Freight transportation revenue structure, 2020



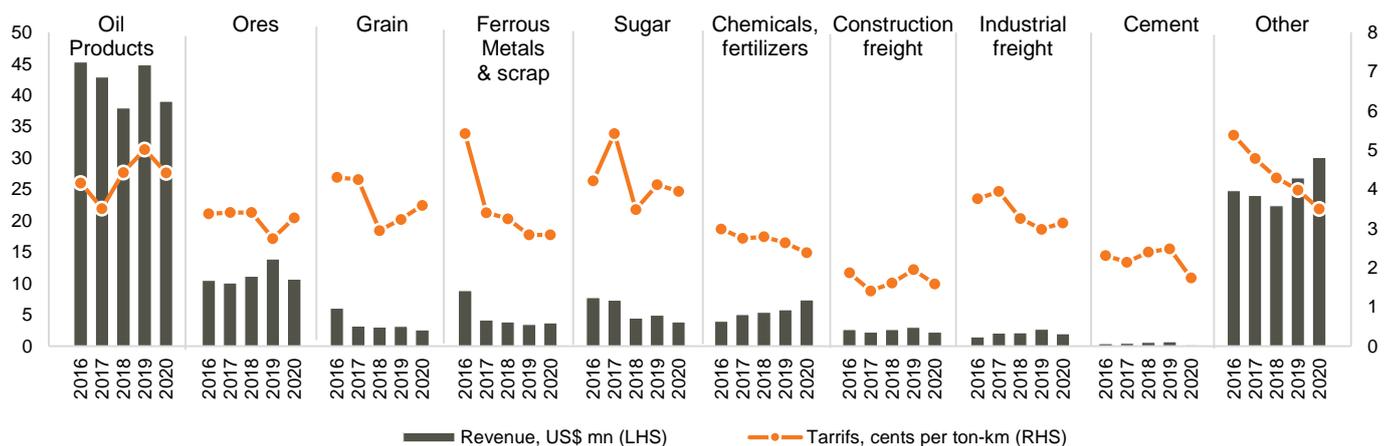


Despite growth in transportation volumes by GR, revenue from freight transportation recorded decline in 2020, driven by declines in both, liquid and dry cargo transportation revenues. Liquid cargo revenue, which is almost entirely made up by oil products declined 13.1% y/y to US\$ 39.1mn. The decline was mostly driven by lower tariffs earned on oil products transportation (-12% y/y) due to changes in product direction and product category mix (less share of Russia and aviation fuel which are more profitable direction).

Overall, dry cargo transportation volumes posted a positive 3.0% y/y growth in 2020, however revenue from dry transportation was down 2.8% y/y to US\$ 62.7mn. The decline was mostly driven by lower tariffs as well as change in product direction mix. Growth in chemical and fertilizers as well as other category partially compensated the losses in other dry product transportation revenues:

- Ores (-23.1% y/y to US\$ 10.7mn)
- Chemicals and fertilizers (+26.2% y/y to 7.4mn)
- Sugar (-21.5% y/y to 3.9mn)
- Grain (-18.4% y/y to US\$ 2.6mn)
- Construction freight (-25.7% y/y to US\$ 2.3mn)
- Industrial freight (-26.0% y/y to US\$ 2.0mn)
- Cement (-71.3% y/y to US\$ 0.2mn)
- Other (+12.2% y/y to US\$ 30.1mn)

Figure 9: Oil products & dry cargo transportation revenue and tariffs



Source: Georgian Railway

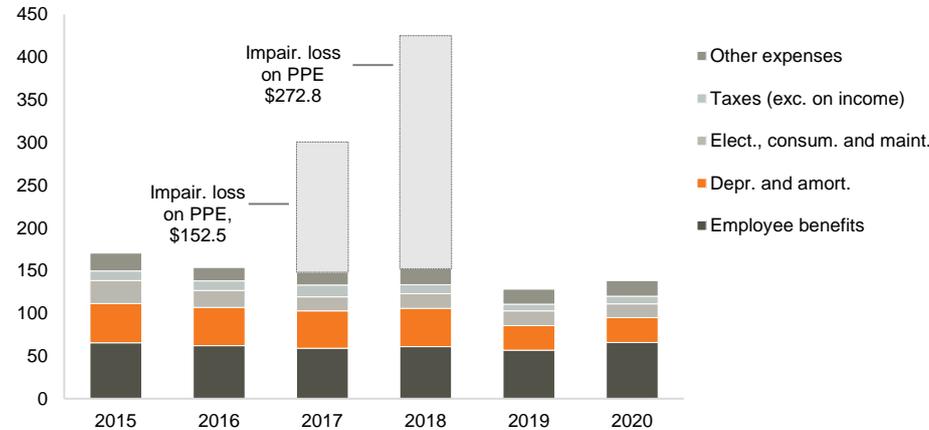
Operating performance slightly deteriorated in 2020

GR's operating expenses (excluding the PPE impairment) declined 9.3% y/y to US\$ 116.4mn in 2020. The decline was mostly driven by lower depreciation and amortization expenses (-15% y/y to US\$ 24.5mn, related to lower PPE balance due to the impairments of the last couple of years). Furthermore, GEL's depreciation against dollar in 2020 also decreased operating expenses expressed in USD (as most of the expenses are incurred in GEL).

GR generated US\$ 70.4mn in EBITDA in 2020, down 11.1% y/y. Overall, GR's operating profitability remains strong, with EBITDA margin standing at 44.7% in 2020, slightly below the 2019 level of 45.5%.



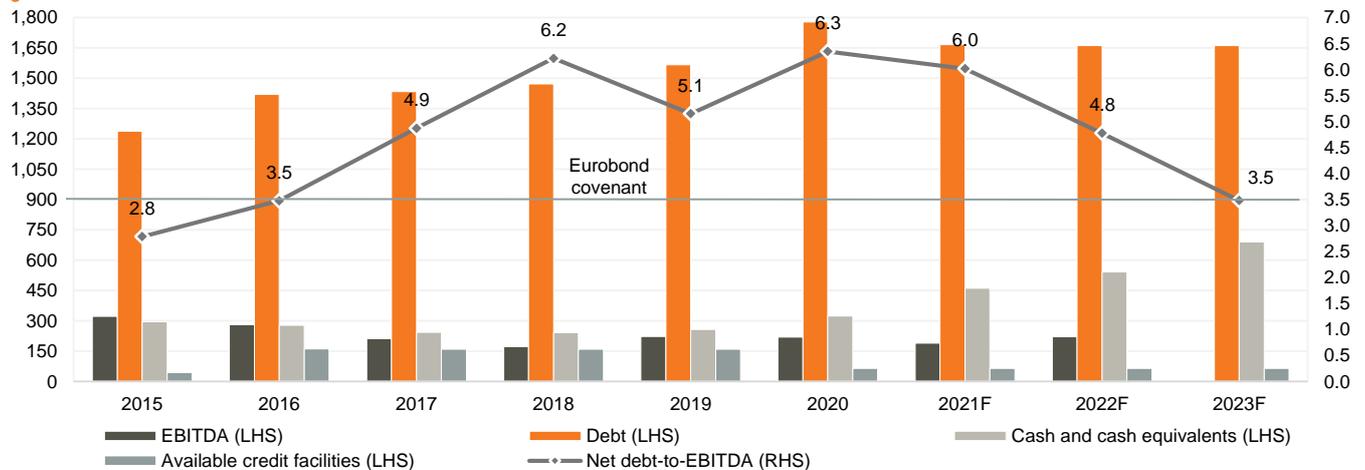
Figure 10: Operating expenses, US\$ mn



Source: Georgian Railway, Galt & Taggart Research

Slight deterioration in the profitability on the one hand and GEL's continued weakness on the other, put pressure on GR's leverage. Net debt-to-EBITDA ratio remains elevated, at 6.35x in 2020, far above the Eurobond covenant of 3.5x. We forecast net debt-to-EBITDA margin to remain elevated in the medium term and retreat to below 4.0x level by 2023 as the company's profitability improves.

Figure 11: Net debt-to-EBITDA breakdown, GEL mn



Source: Georgian Railway, Galt & Taggart Research

GR recorded US\$ 55.0mn net loss in 2020 on the back of significant depreciation of GEL. Namely, the company recognized US\$ 61.7mn non-cash FX loss in 2020, dragging down net profit to a negative US\$ 55.0mn.

Economic outlook of the region and GR

Growth in regional economies is on a strong recovery path in 2021, in line with global tendencies. Economic reopening, vaccination and policy support helps regional economies to bounce back strongly, and ongoing economic figures are surprising markets to the upside. In 4M21, Georgia's real GDP growth came in at 8.1% y/y, based on Geostat's flash estimates. As a result, the government revised up Georgia's economic growth projection to 6.5% in 2021 from 4.3% forecasted in December 2020. Galt & Taggart expects Georgia's real GDP growth at 7.0% in 2021 (up from previous forecast of 5.0%).



We forecast economic rebound in the region to positively affect GR's performance in 2021 and going forward. We estimate transportation volumes to increase at 5% in 2021, before growing by 10% and 12% in 2022-23 as the new BTK line will attract additional cargoes. **Baku-Tbilisi-Kars (BTK) railway which remains in test regime, is expected to be completed in 2022.** The BTK line has the potential to bring in significant cargo flows for GR, particularly Chinese products going to Turkey and Europe. The initial capacity of the railway is 5.0mn tons annually, with the potential to increase up to 15.0mn tons. Furthermore, **main line modernization project**, which is expected to be completed by 2023 will increase the efficiency of the Georgian rail corridor by increasing the average speed of freight trains from 60 km/h to 80 km/h and ultimately result in 78% increase in transportation capacity and decrease in operating costs by 10% by 2022. GEL 878m or c. US\$ 300mn has already been invested in the Modernization project, with GEL 85.4mn, GEL 47.2mn and GEL 61.1mn expected to be spent in 2021, 2022 and 2023, respectively.

Georgian Railway – 1Q21 update

Along with the FY20 financial results, GR published 1Q21 unaudited financial statements. Revenue was down 7.5% y/y to US\$ 38.6mn in 1Q21. Declines in freight car rental and passenger revenues contributed the most to the overall decline of the topline.

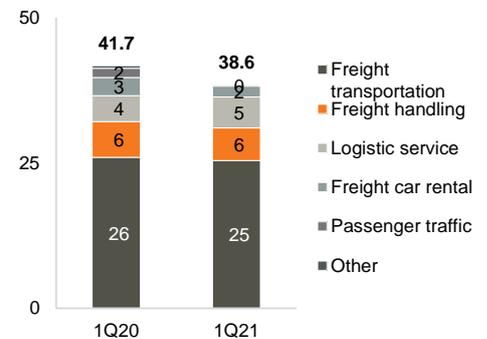
Despite the continued growth in transportation volumes, freight transportation revenue was down 2.1% y/y to US\$ 25.4mn 1Q21. Revenue from dry cargo transportation (54% of total) dropped by 15.9% y/y to 13.8mn, mostly due to lower revenues from transportation of ores, ferrous metals & scrap and other categories, which was partially compensated by increased transportation revenue from sugar (+US\$ 1.7mn)

The drop in dry cargo transportation revenues was partially offset by increased revenue from liquid cargo transportation, namely oil products. GR generated US\$ 11.6mn in revenue from oil products transportation in 1Q21, which is 22.2% higher compared to 1Q20 level. Increased transportation volumes from Turkmenistan and Azerbaijan was the main reason behind the growth.

Other revenue categories, except for the logistics services income, posted declines in 1Q21. Notably the declines are partially explained by the relatively high base of 1Q20 (in the first 2 months of 2020, GR posted strong growth). Freight handling revenue was down 9.0% y/y to 5.6mn, while freight car rental revenue dropped by 40.6% y/y to US\$ 1.9mn in the same period. Logistics service revenue was the only revenue category in green in 1Q21, with revenue up 19.1% y/y to US\$ 5.3mn, mostly related to increased oil products transportation. Passenger segment, which remained under restrictions, posted a 95.5% drop in 1Q21 to US\$ 0.2mn.

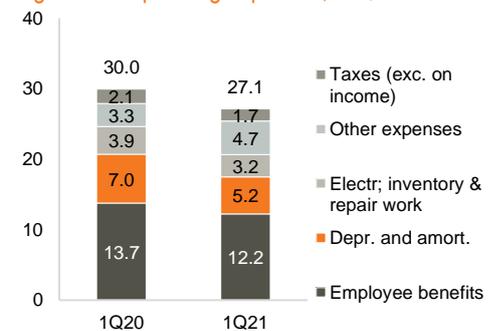
Operating expenses, which are mostly GEL denominated, declined 9.5% y/y to US\$ 27.1mn (up 2.5% y/y in GEL terms) in 1Q21. Employee benefits, the largest expense category, was down 11.0% y/y (mostly due to GEL depreciation), while depreciation and amortization expenses dropped by 24.8% y/y due to lower PPE balance. Notably, electricity, consumables, and maintenance expenses were down 18.9% y/y to US\$ 3.2mn (+3.9% y/y in GEL) in 1Q21. From January 2021 GNERC (energy regulatory body) approved new tariffs for end-users. This has resulted in c. 70% increase in electricity tariffs for commercial subscribers. Going forward, we do not think tariffs will be revised significantly in 2022-23. Notably, GR's 10-year electricity purchase agreement with Energo-Pro Georgia expires in 2021. Already from July 2021 GR will be required to purchase electricity on the open market, **likely resulting in doubling of electricity expenses for the company.**

Figure 12: Revenue, US\$ mn



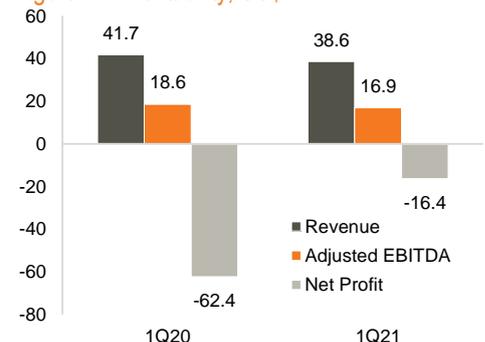
Source: Georgian Railway

Figure 13: Operating expenses, US\$ mn



Source: Georgian Railway

Figure 14: Profitability, US\$ mn



Source: Georgian Railway



We forecast 2021 EBITDA to stand at US\$ 70.5mn, translating into an EBITDA margin of 45.6% (vs. 44.7% in 2020). We forecast GEL's further depreciation in 2021 (at 3.24/USD in 2021 per our forecast) to positively affect the company's profitability as most of the expenses are GEL denominated. We forecast slight decline in the topline in 2021, however from 2022 we forecast gradual rebound in the revenue as BTK line will become fully operational and finalization of the modernization project will increase the company's efficiency.

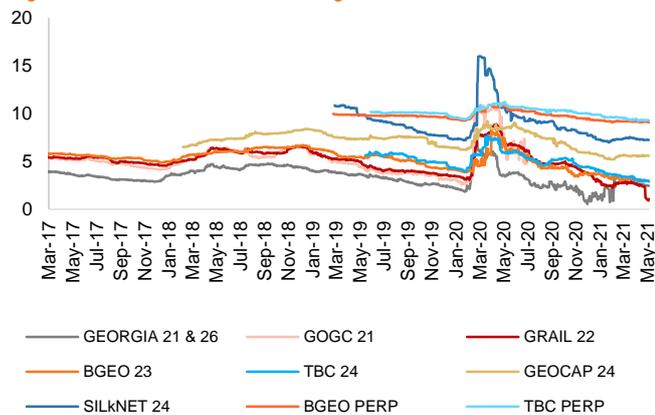
Eurobond performance

On 26th of May, Georgian Railway announced about the tender offer on its outstanding US\$ 500mn, 7.75%, Eurobond maturing in 2022. The company offers a 107.5% price on the tender, which includes 2.25% early redemption premium. The marketing of the new Eurobond started on 3rd of June and will be finalized on 10th of June. Notably, GR has achieved green bond framework for the upcoming placement, with S&P Global Ratings providing [Full Alignment Opinion](#). GR is the only quasi-sovereign entity present on international debt markets from Georgia.

This placement comes after the recent successful placement from the Georgian sovereign. Georgia issued a 5-year, US\$ 500mn, 2.750% Eurobond in April 2021. Since the issuance, the new GEORGIA 26 Eurobond, which was priced at 2.875%, has been trading at premium, with the yield standing at 2.5% by 1st of June.

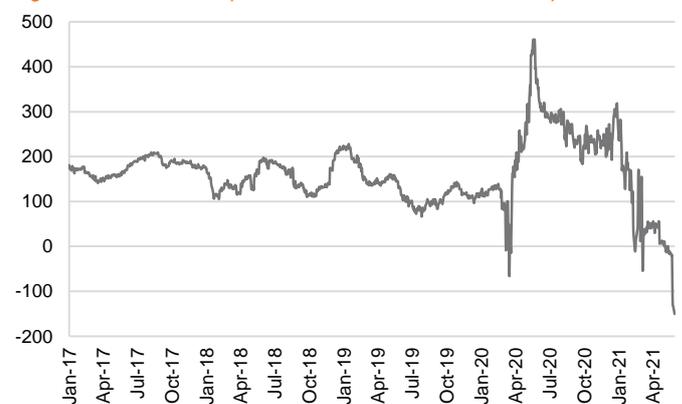
Throughput 2021, yields on Georgian corporate Eurobonds, along with broader markets have been on the downward trajectory. Notably, GRAIL's spread vs. sovereign has averaged 130bps in 2019 and 220bps in 2020.

Figure 15: YTM on selected Georgian Eurobonds



Source: Bloomberg
Data as of 4th of June

Figure 16: GRAIL 22 spread over GEORGIA 21 & 26, bps



Source: Bloomberg
Note: For the period of 15 March-22 April 2021 a constant yield is taken for GEORGIA 21. From 22 April, GEORGIA 21 is replaced by a new GEORGIA 26 Eurobond



Financial statements

Income statement

	US\$, '000	2016	2017	2018	2019	2020	2021F	2022F	2023F
Revenue		185,878	173,215	167,531	174,179	157,369	154,614	175,469	192,799
Freight transportation		123,636	104,747	95,210	109,435	101,762	100,278	110,115	123,454
Freight handling		22,383	20,006	20,379	23,198	23,428	22,084	23,700	25,336
Logistic service		22,217	29,408	27,744	17,315	17,399	18,050	19,821	19,753
Freight car rental		5,893	6,689	10,006	9,663	7,391	7,721	8,479	9,506
Passenger traffic		7,608	9,106	10,812	11,045	3,602	2,739	9,391	10,429
Other		4,140	3,259	3,380	3,523	3,786	3,742	3,964	4,321
Income from the transferred property		33,926	9,335	-	-	-	-	-	-
Other income		8,080	6,203	7,698	4,523	4,035	3,964	4,499	4,943
Operating expenses									
Impairment loss on PPE		-	(152,520)	(272,786)	-	-	-	-	-
Employee benefits expense		(61,953)	(59,116)	(60,894)	(56,954)	(54,829)	(54,203)	(57,424)	(59,716)
Electricity, invent. and repair work		(19,981)	(16,538)	(17,245)	(16,998)	(13,317)	(15,402)	(17,302)	(18,267)
Other expenses		(26,901)	(28,649)	(29,101)	(25,585)	(22,845)	(18,445)	(21,238)	(26,091)
Operating expenses excl. depr. and amort.		(108,835)	(256,823)	(380,026)	(99,537)	(90,991)	(88,050)	(95,963)	(104,073)
EBITDA		119,049	84,449	67,989	79,165	70,413	70,529	84,004	93,669
Adjusted EBITDA		82,455	72,321	61,883	76,698	69,019	65,414	78,369	90,859
Depreciation and amortization expense		(44,901)	(43,730)	(44,901)	(28,815)	(24,490)	(24,463)	(25,822)	(26,222)
Results from operating activities		74,148	(111,801)	(249,698)	50,349	45,923	46,066	58,182	67,447
Finance Income		10,091	17,253	5,734	5,267	6,084	19,109	11,483	14,261
Finance Costs		(73,141)	(46,346)	(38,285)	(57,415)	(106,833)	(18,706)	(18,252)	(11,188)
Net finance costs		(63,050)	(29,093)	(32,551)	(52,147)	(100,749)	402	(6,769)	3,073
Profit before income tax		11,098	(140,894)	(282,248)	(1,798)	(54,826)	46,468	51,413	70,520
Income tax expense		16,419	(258)	(461)	(184)	(165)	-	-	-
Profit and total comprehensive income for the year		27,517	(141,152)	(282,709)	(1,982)	(54,991)	46,468	51,413	70,520

Source: Company data, Galt & Taggart Research



Statement of financial position

	US\$, '000	2016	2017	2018	2019	2020	2021F	2022F	2023F
Assets									
Property, plant and equipment		991,232	913,656	682,430	650,470	558,372	568,129	588,699	585,046
Investment property		-	-	-	-	-	-	-	-
Deferred tax assets		-	-	-	-	-	-	-	-
Loan receivable		13,494	6,988	7,651	8,415	9,258	-	-	-
Other non-current assets		55,752	47,667	36,436	32,705	30,254	31,712	35,886	39,307
Non-current assets		1,060,479	968,311	726,517	691,590	597,884	599,841	624,585	624,353
Inventories		11,241	12,656	12,285	14,027	11,719	13,430	15,198	16,647
Loan receivable current		1,501	-	-	-	-	0	1	1
Current tax assets		2,693	910	1,457	2,225	559	572	587	590
Trade and other receivables		37,649	28,398	15,285	8,487	7,196	4,096	4,209	6,111
Prepayments and other current assets		132	148	155	478	593	429	622	626
Term deposits		-	-	-	-	-	-	-	-
Cash and cash equivalents		105,015	93,750	90,155	89,959	98,574	154,663	194,901	255,201
Current assets		158,231	135,862	119,336	115,176	118,640	173,191	215,518	279,177
Total assets		1,218,711	1,104,173	845,854	806,766	716,524	773,031	840,103	903,530
Equity and liabilities									
Share capital		397,840	406,323	393,676	367,322	321,655	329,355	337,800	339,979
Non-cash owner contribution reserve		37,144	37,880	37,452	34,983	30,618	31,351	32,154	32,362
Retained earnings		169,246	36,026	(233,409)	(219,803)	(242,621)	(204,510)	(161,089)	(102,184)
Total equity		604,230	480,229	197,719	182,503	109,652	156,196	208,866	270,157
Loans and borrowings		514,433	530,192	499,389	523,307	519,740	523,134	535,938	539,243
Advance received from the government		27,886	17,974	17,408	16,248	14,220	14,561	14,934	15,030
Trade and other payables		-	-	-	7,515	16,339	-	-	-
Deferred tax liabilities		-	-	-	-	-	-	-	-
Non-current liabilities		542,319	548,166	516,797	547,069	550,299	537,694	550,872	554,273
Loans and borrowings current		21,600	22,687	50,136	22,647	22,693	22,977	22,914	22,845
Trade and other payables current		41,423	43,292	71,587	52,259	25,127	45,499	44,403	40,874
Liabilities to the government		3,173	2,929	1,986	1,707	1,445	1,561	1,766	1,935
Provisions		3,229	3,068	4,243	5,589	5,051	6,661	8,517	10,418
Dividend payable		-	-	-	(166)	-	-	-	-
Other taxes payable		-	-	-	-	-	-	-	-
Current tax liabilities		-	-	-	-	-	-	-	-
Other current liabilities		2,735	3,802	3,385	2,671	2,258	2,442	2,764	3,027
Current liabilities		72,161	75,778	131,337	77,192	56,574	79,141	80,365	79,100
Total liabilities		614,481	623,944	648,134	624,262	606,872	616,836	631,238	633,373
Total equity and liabilities		1,218,711	1,104,173	845,853	806,765	716,524	773,031	840,103	903,530

Source: Company data, Galt & Taggart Research

Note: Financial statements have been prepared by translating company-reported audited GEL numbers into US\$ (using year-end and average annual FX rates, whichever more appropriate).

Our forecasted FX rates are as follows: 3.24/USD in 2021; 3.13/USD in 2022 and 3.12/USD in 2023



Financial ratios

	2016	2017	2018	2019	2020F	2021F	2022F	2023F
Profitability								
EBITDA margin	64.0%	48.8%	40.6%	45.5%	44.7%	43.6%	46.0%	46.7%
Adjusted EBITDA margin	44.4%	41.8%	36.9%	44.0%	43.9%	42.3%	44.7%	24.9%
EBIT margin	39.9%	-64.5%	-149.0%	28.9%	29.2%	27.8%	31.3%	33.1%
EBT margin	6.0%	-81.3%	-168.5%	-1.0%	-33.5%	28.1%	27.5%	30.9%
Net profit margin	14.8%	-81.5%	-168.8%	-1.1%	-33.6%	28.1%	27.5%	30.9%
Return on Investment								
Operating ROA / Basic earning power	5.4%	-9.8%	-28.0%	6.1%	6.1%	5.6%	6.6%	7.1%
Return on average assets (ROAA)	2.1%	-11.6%	-28.0%	-0.2%	-7.1%	5.8%	6.0%	6.6%
Return on average equity (ROAE)	4.2%	-24.9%	-80.8%	-1.1%	-37.3%	32.7%	26.4%	22.2%
Return on capital employed (ROCE)	5.9%	-9.8%	-27.6%	7.1%	6.7%	6.4%	7.5%	8.1%
Solvency								
Component percentage / debt ratios								
Liabilities to assets	50.4%	56.5%	76.6%	77.4%	84.7%	79.8%	75.1%	70.1%
Liabilities to equity	101.7%	129.9%	327.8%	342.1%	553.5%	394.9%	302.2%	234.4%
Liabilities to EBITDA	5.8x	7.7x	9.7x	7.9x	8.6x	9.1x	7.7x	7.0x
Debt-to-assets	44.0%	50.1%	65.0%	67.7%	75.7%	70.6%	66.5%	62.2%
Debt-to-invested capital	47.0%	53.5%	73.5%	74.9%	83.2%	77.8%	72.8%	67.5%
Debt-to-equity	88.7%	115.1%	277.9%	299.1%	494.7%	349.6%	267.6%	208.1%
Debt-to-EBITDA	4.7x	6.7x	8.4x	6.8x	7.6x	8.1x	6.9x	6.2x
Net debt-to-EBITDA	3.5x	4.9x	6.2x	5.1x	6.3x	5.4x	4.2x	3.7x
Net debt-to-adjusted EBITDA	5.0x	5.7x	6.8x	5.3x	6.5x	5.6x	4.3x	3.7x
Long-term debt-to-assets	42.2%	48.0%	59.0%	64.9%	72.5%	67.7%	63.8%	59.7%
Long-term debt-to-equity	85.1%	110.4%	252.6%	286.7%	474.0%	334.9%	256.6%	199.6%
Financial leverage (equity multiplier)	2.0x	2.3x	4.3x	4.4x	6.5x	4.9x	4.0x	3.3x
EBITDA coverage	3.1x	2.1x	1.7x	2.0x	2.0x	2.0x	2.4x	-4.9x
Liquidity								
Current ratio	2.2x	1.8x	0.9x	1.5x	2.1x	2.2x	2.7x	3.5x
Quick ratio (acid test)	2.0x	1.6x	0.8x	1.3x	1.9x	2.0x	2.5x	3.3x
Cash ratio	1.5x	1.2x	0.7x	1.2x	1.7x	2.0x	2.4x	3.2x

Source: Company data, Galt & Taggart Research



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